

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 5221

(SENATE AUTHORS: HOUSLEY and Draheim)

DATE
03/25/2024

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Introduction and first reading
Referred to Housing and Homelessness Prevention

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to housing; prohibiting state agencies from promulgating rules increasing
1.3 costs of residential construction by more than \$3,000 per unit; proposing coding
1.4 for new law in Minnesota Statutes, chapter 14.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[14.1275] RULES IMPACTING RESIDENTIAL CONSTRUCTION OR**
1.7 **REMODELING; LEGISLATIVE NOTICE AND REVIEW.**

1.8 Subdivision 1. **Definition.** As used in this section, "residential construction" means the
1.9 new construction or remodeling of any building subject to the Minnesota Residential Code.

1.10 Subd. 2. **Impact on housing; agency determination.** (a) An agency must determine if
1.11 implementation of a proposed rule, or any portion of a proposed rule, will, on average,
1.12 increase the cost of residential construction or remodeling by \$3,000 or more per unit, and
1.13 whether the proposed rule meets the state regulatory policy objectives described in section
1.14 14.002. In calculating the cost of implementing a proposed rule, the agency may consider
1.15 the impact of other related proposed rules on the overall cost of residential construction. If
1.16 applicable, the agency may include offsetting savings that may be achieved through
1.17 implementation of related proposed rules in its calculation under this subdivision.

1.18 (b) The agency must make the determination required by paragraph (a) before the close
1.19 of the hearing record, or before the agency submits the record to the administrative law
1.20 judge if there is no hearing. Upon request of a party affected by the proposed rule, the
1.21 administrative law judge must review and approve or disapprove an agency's determination
1.22 under this subdivision.

2.1 Subd. 3. **Notice to legislature; legislative approval.** (a) If the agency determines that
2.2 the impact of a proposed rule meets or exceeds the cost threshold provided in subdivision
2.3 2, or if the administrative law judge separately confirms the cost of any portion of a rule
2.4 exceeds the cost threshold provided in subdivision 2, the agency must notify, in writing,
2.5 the chair and ranking minority members of the policy committees of the house of
2.6 representatives and the senate with jurisdiction over the subject matter of the proposed rule
2.7 within ten days of the determination.

2.8 (b) If a committee of either the house of representatives or senate with jurisdiction over
2.9 the subject matter of the proposed rule or a portion of the rule votes to advise an agency
2.10 that the rule should not be adopted as proposed, the agency may not adopt the rule unless
2.11 the rule is approved by a law enacted after the vote of the committee. Section 14.126,
2.12 subdivision 2, applies to a vote of a committee under this subdivision.

2.13 Subd. 4. **Severability.** If the agency or an administrative law judge determines that part
2.14 of a proposed rule meets or exceeds the threshold provided in subdivision 2, but that a
2.15 severable portion of the proposed rule does not meet or exceed that threshold, the agency
2.16 may proceed to adopt the severable portions of the proposed rule regardless of whether a
2.17 legislative committee vote is conducted under subdivision 3.

2.18 **EFFECTIVE DATE.** This section is effective August 1, 2024, and applies to
2.19 administrative rules proposed on or after that date.